CBAM 2026: Actual vs Default Emission Values — What Indian Exporters Need to Know

A plain-English guide to the biggest cost lever under the EU Carbon Border Adjustment Mechanism, and why the emission numbers you report can make or break your margins.

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If you export steel, aluminium, cement, or fertilisers to Europe, one number now decides how much extra you or your buyer pays at the EU border: your **embedded carbon emissions**. Since 1 January 2026, the EU's Carbon Border Adjustment Mechanism (CBAM) moved from a reporting-only exercise into its full, cost-carrying phase. And there is one choice inside CBAM that matters more than almost anything else — whether your shipment is priced using your **actual, verified emissions** or the EU's **default emission values**.

This single choice can change your landed cost in Europe by tens of thousands of euros per shipment. This blog breaks it down in simple terms, so you know exactly what to do before your next EU order.

What Is CBAM, in Simple Words?

CBAM is the European Union's way of making sure imported goods carry the same carbon cost that EU factories already pay under their own emissions trading system. When an Indian exporter ships steel, aluminium, cement, fertiliser, hydrogen, or electricity-linked goods into the EU, the importer on the other side must buy CBAM certificates to cover the carbon that was released while making that product. The whole idea is to stop cheaper, high-carbon imports from undercutting EU manufacturers who already pay a carbon price at home.

Actual Emission Values: What They Mean for You

"Actual values" simply means the real, measured, and verified carbon footprint of your specific factory and product line — not an industry average, not a guess, but your own number, checked by an accredited third-party verifier and submitted through the EU's CBAM registry.

If your plant runs efficiently — for example, you use electric arc furnace steelmaking, cleaner fuel mixes, or better energy recovery — your actual emissions can be significantly lower than the generic country average. Reporting this real number means your EU buyer pays CBAM certificates only for the carbon you truly emitted, nothing more.

Default Emission Values: The Costly Fallback

When an exporter cannot or does not provide verified actual data, the EU does not leave the calculation blank. Instead, it applies a "default value" — a standard emission figure set for each product category and exporting country. These default numbers are deliberately built on the higher end of the scale, often close to the emission intensity of the least efficient producers in that category, and they carry an extra mark-up on top.

Under the current rules, this mark-up starts at around 10% in 2026 and is scheduled to climb toward 30% by 2028, which makes the penalty for not reporting real data grow heavier every year. In practical terms, many Indian producers — especially in steel and cement — are finding that default-based carbon costs run well above what their actual, cleaner processes would justify.

> **Why this matters:** Two factories making an identical product can end up paying very different CBAM costs simply because one submitted verified actual data and the other relied on the EU default. The gap is not small — it is often the difference between a competitive EU order and a loss-making one.

Actual vs Default — Side by Side

Point of Comparison	Actual Emission Values	Default Emission Values
Source of data	Your own plant's measured and verified emissions	EU-set country and product average, weighted toward higher emitters
Accuracy for efficient producers	Reflects your real, often lower, carbon footprint	Ignores plant-level efficiency; treats you like an average or below-average producer
Verification needed	Yes — accredited third-party verifier required	Not required; used automatically when no data is submitted
Cost mark-up	None	Extra mark-up applied, rising year on year
Long-term outlook	Cost advantage grows as EU carbon prices rise	Cost disadvantage widens as mark-up and carbon price both increase

Why Indian Exporters Are Especially Exposed

India's steel and cement sectors still rely heavily on coal-based, blast-furnace routes, which naturally run at a higher carbon intensity than many EU or East Asian competitors. This means the "country default" value applied to Indian shipments can sit noticeably above what an efficient Indian plant actually produces. For exporters who have not yet set up emissions monitoring and verification, this

gap turns straight into a competitiveness problem — your EU buyer may quietly start comparing your landed cost against a supplier from a country with a lower default, or one that already reports verified actuals.

Small and mid-sized exporters face an added challenge: building an internal emissions monitoring system and hiring an accredited verifier involves fixed costs that do not shrink just because your export volumes are smaller. This is exactly why acting early, and possibly pooling resources through industry associations, matters so much right now.

How to Move From Default to Actual Values

1. **Map your product scope.** Confirm which of your export lines fall under CBAM's six covered categories — iron & steel, aluminium, cement, fertilisers, hydrogen, and electricity — and check the exact customs (CN) codes involved.
2. **Set up emissions monitoring at the installation level.** This means tracking fuel use, electricity source, process emissions, and precursor materials for each product line, not just a plant-wide estimate.
3. **Engage an accredited verifier.** Only verified data is accepted from the start of the definitive phase; unverified spreadsheets are not enough anymore.
4. **Report through the EU CBAM registry** so your data can be shared with your EU importer(s) directly, cutting down repeated paperwork for each shipment.
5. **Review this every reporting period.** As benchmarks, mark-ups, and EU carbon prices shift, staying on actual data keeps your cost advantage locked in.

> **Practical tip:** Many exporters complete a first-pass actual emissions assessment in a matter of weeks with the right support — it is a data and verification project, not a long-drawn compliance overhaul. Starting early gives you time to fix process gaps before your EU buyer asks for numbers.

What This Means for Your EU Buyer Relationship

EU importers are becoming increasingly carbon-cost conscious, simply because it now hits their own bottom line. Suppliers who can hand over verified actual emissions data give their EU buyers a lower, more predictable certificate cost — which makes you a more attractive, stickier supplier compared to a competitor still sitting on default values. In a market where carbon cost is becoming a genuine deciding factor alongside price and quality, verified data is quickly turning into a commercial advantage, not just a compliance checkbox.

Final Thoughts

CBAM in 2026 is no longer a distant regulation — it is a live cost sitting inside every EU shipment. The single biggest lever Indian exporters control right now is the choice between letting the EU apply a punitive default value, or investing in verified actual emissions data that reflects your true, often better, carbon performance. Exporters who act early on measurement and verification are positioning themselves to protect margins, retain EU buyers, and stay competitive as CBAM's cost impact grows year after year. Waiting only makes the gap — and the bill — bigger.

Frequently Asked Questions

1. What is the main difference between CBAM actual and default emission values?

Actual values are your factory's real, verified carbon emissions for a specific product, while default values are standard EU-set estimates used when no verified data is submitted — and defaults are set on the higher side, often with an added cost mark-up.

2. Do all Indian exporters need to submit actual emissions data under CBAM?

It is not legally forced, but it is strongly incentivised. Exporters who do not submit verified actual data are automatically assessed against the higher default values, which usually means a bigger carbon cost for their EU buyer.

3. Which Indian export sectors are most affected by CBAM in 2026?

Iron and steel, aluminium, and cement are currently the most exposed sectors, largely because of India's coal-heavy production routes, followed by fertilisers, hydrogen, and electricity-linked goods.

4. How can an Indian exporter start moving from default to actual emission values?

The process starts with mapping your CBAM-covered products, setting up plant-level emissions monitoring, getting the data checked by an accredited verifier, and submitting it through the EU CBAM registry so your buyer can use it directly.

This article is for general awareness and informational purposes only and does not constitute legal, tax, or regulatory advice. CBAM rules, default values, and mark-up schedules are subject to change by the European Commission. Exporters should consult a qualified CBAM advisor for guidance specific to their products and facilities.